Opening up of farm sector by developing countries

738. SHRI CHO S. RAMASWAMY: Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) whether it is a fact that many developing countries including India are opening up the farm sector under pressure from the WTO and IMF;

(b) if so, its implications on the farm sector;

(c) the steps being taken to protect that local farm sector from the unprincipled competition; and

(d) whether Government are coming up with any new farm policy and if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (SHRI SATYABRATA MOOKHERJEE): (a) No, Sir.

(b) Does not arise.

(c) and (d) India's commitments under the Agreement on Agriculture of the World Trade Organisation (WTO) have, by and large, not limited domestic policy options for the agriculture sector in India. Due to adverse balance of payments reasons, India was able to maintain quantitative restrictions on imports of agricultural products, and offer ceiling bindings of 100% for primary agricultural products, of 150% for processed agricultural products, and of 300% for certain edible oils. With respect to domestic support commitments, the quantum of subsidies extended to farmers remains within the *de minimis* limit for developing countries, and India has, therefore, not had to undertake any reductions in the same. With regard to export subsidies also no reduction commitments were required to be undertaken, besides which India has the flexibility to provide export subsidies to reduce the marketing costs of exports of agricultural products and costs related to international and internal transport and freight charges on export shipments.

With improvements in the balance of payments, the legal basis for maintaining quantitative restrictions on imports of agricultural products does not exist, and these restrictions have been phased out. However, in order to safeguard the domestic sector from any adverse impact, the Government is continuously monitoring the import of sensitive

commodities and has put in place a suitable mechanism for giving adeuqate protection to domestic producers through calibration of applied tariffs within the bound levels, and imposition of anti-dumping, anti-subsidy countervailing duty or safeguard action in accordance with relevant rules and disciplines of the WTO. Simultaneously, the Government provides support to Indian farmers by way of price support schemes, and various types of assistance under production programmes for different crops.

In the on-going negotiations in agriculture in the WTO, India along with other WTO Members with similar interests and concerns have sought fundamental reform of the agriculture sector in developed countries through substantial reduction in trade-distorting domestic support and elimination of export subsidies by them. India has also indicated that adequate safeguards for domestic farmers must be provided in order to address situations of international price volatility and import surges. The negotiations are scheduled to be concluded by 1 January, 2005.

The Government reviews its farm policy from time to time depending upon the exigencies of the situation and international developments.

Import of natural rubber

739. SHRI V. V. RAGHAVAN: Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) whether it is a fact that the ban on import of natural rubber has been removed and the Director General of Foreign Trade (DGFT) has permitted import of natural rubber under the advance licence scheme;

(b) if so, the details thereof and the reasons therefor; and

(c) whether Government are aware that this step would have adverse impact on the rubber growers in the country especially in Kerala?

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (SHRI SATYABRATA MOOKHERJEE): (a) and (b) Import of Natural Ruber has been made free *w.e.f.* 1.4.2001 as part of the removal of Quantitative Restrictions from large number of items for imports. Under the Exim Policy, exporters are entitled to import inputs